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10 **UNITED STATES DISTRICT COURT**  
11 **NORTHERN DISTRICT OF CALIFORNIA**  
12 **SAN FRANCISCO DIVISION**

13 SECURITIES AND EXCHANGE COMMISSION,

14 Plaintiff,

15 v.

16 ERIK K. BARDMAN,

17 and

18 JENNIFER F. WOLF

19 Defendants.  
20  
21

**COMPLAINT**

**DEMAND FOR JURY TRIAL**

22 The Securities and Exchange Commission (“Commission”) alleges as follows for its  
23 Complaint against defendants Erik K. Bardman (“Bardman”) and Jennifer F. Wolf (“Wolf”):  
24

25 **SUMMARY OF ALLEGATIONS**

26 1. At all relevant times, Bardman and Wolf were, respectively, the Senior Vice  
27 President of Finance and Chief Financial Officer (CFO), and Acting Controller of Logitech

1 International, S.A. (“Logitech”), a manufacturer of computer accessories and other electronic  
2 equipment. In October 2010, Logitech launched a product called “Revue,” a set-top device that  
3 connected to televisions to provide internet usage and video streaming. Revue was projected to  
4 be a significant percentage of Logitech’s sales revenue, and represented a new strategic direction  
5 for the company – but the product failed to live up to expectations. Its sales were 70 percent  
6 lower than internal projections by the fourth quarter of the 2011 fiscal year. Compounding the  
7 poor sales performance of Revue, in March 2011, Logitech lowered its forecast of operating  
8 income to \$140-150 million, causing an immediate 16 percent drop in the company’s share price.  
9 Given the shortfall, senior management, including Bardman and Wolf, were under substantial  
10 pressure to meet the lowered guidance. Rather than ensure that Logitech accurately account for  
11 its problems, as they were required to do, Bardman and Wolf engaged in a scheme to materially  
12 inflate the operating income that Logitech reported to its investors in a late April 2011 earnings  
13 release, and in its annual report, or Form 10-K, filed with the Commission on May 27, 2011 for  
14 the fiscal year ended March 31, 2011.

15 2. By this time, Logitech had 163,000 units of Revue in storage in the United States  
16 that the company had not sold, and it had halted production of additional units in light of the  
17 poor sales performance. Logitech’s current price for the product – \$299 – was more than double  
18 the price of competing products and part of the reason Revue was not selling. Indeed, by at least  
19 May 19, 2011, Bardman knew that Logitech’s Chief Executive Officer had been evaluating  
20 whether to “shut [Revue] down now.”

21 3. Through their scheme, Bardman and Wolf concealed the extent of these problems  
22 by, among other forms of misconduct: (1) improperly calculating Revue’s inventory valuation  
23 reserves by falsely assuming that Logitech would build excess component parts it was trying to  
24 sell into finished units of Revue; (2) misrepresenting to Logitech’s independent auditor that the  
25 Company’s excess component parts would be used in production, and the company’s future  
26 plans for Revue; and (3) misrepresenting to the independent auditor the proper amount of  
27 Logitech’s write-down of finished goods inventory by failing to incorporate probable future

1 pricing adjustments. As a result of this misconduct, Logitech overstated its fiscal 2011 operating  
2 income by \$30.7 million (over 27%).

3 4. In addition, in a letter to Logitech's independent auditors dated May 27, 2011,  
4 Bardman and Wolf falsely represented that Logitech's accounting was compliant with Generally  
5 Accepted Accounting Principles, or "GAAP." These representations, demanded by, and relied  
6 upon by Logitech's independent auditors, were designed to ensure that the company's  
7 accounting was done in accord with accepted standards and did not mislead the investing public.  
8 Here, Bardman misled the company's independent auditors regarding the extent of Logitech's  
9 problems with Revue. He then signed and certified the accuracy of Logitech's 2011 financial  
10 statements, thereby misleading investors as to these same misstatements and omissions. At the  
11 time, Bardman knew, was reckless in not knowing, or should have known, that the financial  
12 statements he was certifying were materially false or misleading.

13 5. By engaging in the conduct described herein:

- 14 a. Bardman and Wolf violated the antifraud provisions of Sections 17(a) of  
15 the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and  
16 Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934  
17 ("Exchange Act") [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5];
- 18 b. Bardman and Wolf violated the internal controls and books and records  
19 provisions of Section 13(b)(5) of the Exchange Act [15 U.S.C. §  
20 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1]; and  
21 the lying to accountants provision of Exchange Act Rule 13b2-2 [17  
22 C.F.R. §240.13b2-2];
- 23 c. Bardman violated the certification provision of Exchange Act Rule 13a-14  
24 [17 C.F.R. § 240.13a-14]; and the clawback provision of Section 304(a) of  
25 the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") [15 U.S.C. §  
26 7243(a)]; and  
27

1 d. Bardman and Wolf aided and abetted Logitech's violations of the  
2 antifraud, reporting, books and records, and internal controls provisions of  
3 Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act  
4 [15 U.S.C. §§ 78j(b), 78m(a), and 78m(b)(2)(A)-(B)] and Exchange Act  
5 Rules 10b-5, 12b-20, 13a-1, and 13a-11 [17 C.F.R. §§ 240.10b-5,  
6 240.12b-20, 240.13a-1, and 240.13a-11].

7 6. The Commission seeks injunctive relief, including an officer and director bar,  
8 disgorgement of ill-gotten gains, prejudgment interest, civil penalties and other appropriate and  
9 necessary equitable relief from Bardman and Wolf. In addition, the Commission seeks an order  
10 requiring Bardman to forfeit any bonus, incentive-based compensation, or stock sales profits  
11 received during the relevant period.

12 **JURISDICTION AND VENUE**

13 7. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the  
14 Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21 and 27 of the Exchange Act  
15 [15 U.S.C. §§ 78u and 78aa].

16 8. Venue is proper in this judicial district pursuant to Section 22 of the Securities  
17 Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain  
18 of the acts and omissions constituting violations alleged herein occurred in this judicial district.

19 9. Intradistrict Assignment. Assignment to the San Francisco Division is  
20 appropriate pursuant to Civil L.R. 3-2(c) and (e) because a substantial part of the events or  
21 omissions giving rise to the Commission's claims occurred in the County of Alameda.

22 10. Bardman and Wolf, directly and indirectly, made use of the mails and of the  
23 means or instrumentalities of interstate commerce in connection with the acts, practices, and  
24 courses of business described in this Complaint.

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1 **DEFENDANTS**

2 11. Erik K. Bardman, age 49, is a resident of Los Altos, California. From  
3 October 2009 through April 2013, he was Logitech’s Senior Vice President of Finance and Chief  
4 Financial Officer.

5 12. Jennifer F. Wolf, age 51, is a resident of Campbell, California. She was  
6 employed at Logitech from August 2001 through April 2012. From May 2010 through  
7 July 2011, Wolf was Logitech’s Acting Controller. From July 2011 until she left Logitech in  
8 April 2012, Wolf was a director of finance. Wolf is and, at all relevant times, was a certified  
9 public accountant, licensed in California.

10 **RELEVANT ENTITY**

11 13. Logitech International, S.A. (“Logitech”) was incorporated in Switzerland and has  
12 substantial operations in the United States. Logitech manufactures and sells peripherals for  
13 computers and electronic devices. At all relevant times, Logitech’s shares were listed and traded  
14 on the Nasdaq Global Select Market under the symbol LOGI and on the SIX Swiss Exchange  
15 under the symbol LOGN. The company maintains an executive office and its Americas region  
16 headquarters in Newark, Alameda County, California. Logitech’s common stock is registered  
17 with the Commission pursuant to Exchange Act Section 12(b).

18 **FACTS**

19 ***Background***

20 14. In October 2010, during Logitech’s third quarter of fiscal 2011, Logitech  
21 launched a product called “Revue” (also known internally as “Ka”), a set-top device that  
22 connected to televisions to provide internet usage and video streaming.

23 15. From the outset, Revue sales were significantly below internal forecasts. The  
24 company’s projections in October 2010 were for sales of more than 350,000 units in the third  
25 and fourth quarters. In fact, the company sold approximately 165,000 units by the end of the  
26 fourth quarter, falling short of its own projections by more than 50 percent.

27

1           16.     By late November 2010, sales and finance personnel, including senior executives,  
2 discussed whether the Company should reduce the market price of \$299. Bardman and Wolf  
3 were aware that Logitech would have to record a “lower of cost or market” (“LCM”) charge if  
4 the value of Revue inventory were less than its market value. In other words, under GAAP, a  
5 company must value its inventory at the lower of the inventory’s cost or its replacement or  
6 market value. Specifically, if the market value of a company’s inventory is likely to be less than  
7 the total cost of manufacturing, shipping, bringing to market, and selling the inventory, then the  
8 company must write-down the inventory value in its financial statements to reflect that lower  
9 number.

10           17.     Prior to launching Revue, Logitech had retained a contract manufacturer (“CM”)  
11 in Asia to produce hundreds of thousands of Revue units in anticipation of demand during the  
12 year-end holidays. Logitech had also authorized the CM to purchase millions of dollars of  
13 components to meet expected demand. Logitech recorded the Revue units and components as  
14 inventory within its financial statements. As a result, these items were reflected as assets from  
15 which Logitech could derive future sales.

16           18.     On or about December 7, 2010, because of high inventory levels and weak sales,  
17 Logitech directed CM to stop manufacturing Revue, including halting all work-in-progress.  
18 Logitech also instructed CM not to ship over 26,000 finished Revue units. By this time, CM, at  
19 Logitech’s direction, had purchased or committed to purchase approximately \$11 million of  
20 component parts for future manufacturing, which were now excess components.

21           19.     On or about January 5, 2011, Logitech’s Senior Vice-President of Operations  
22 (SVP-Operations) informed several executives that a decision had to be made about the Revue  
23 excess component parts: “Given the current trajectory, I suggest we make all efforts to dispose of  
24 the components.” Shortly thereafter, the SVP-Operations instructed the VP of Global  
25 Sourcing/Supplier Management (VP-Global Sourcing) to “sell all of the components we could.”

26           20.     In the first half of January 2011, Logitech management informed the Board of  
27 Directors about the poor sales of Revue and about management’s future plans for the product,

1 including a plan to lower the retail price to \$249 in the first quarter of fiscal year 2012 and to  
2 \$199 in the third quarter of fiscal year 2012.

3 21. On January 27, 2011, Logitech issued its earnings release for the third quarter of  
4 2011, reporting strong results, increasing its guidance for 2011 annual revenue, and affirming its  
5 guidance for annual operating income in a range of \$170 million – \$180 million.

6 22. On or before February 8, 2011, Bardman and Wolf knew, were reckless in not  
7 knowing, or should have known, that sales for Revue were well below expectations, that the  
8 components in inventory were excess, and that a disposition plan had been developed for Revue  
9 inventory.

10 23. During the fourth quarter of Logitech’s fiscal year 2011, Revue sales continued to  
11 fall far below projections. Despite regular discounting and promotions, Revue retail sales were  
12 70% lower than internal product forecasts. By quarter-end, retailers were selling fewer than  
13 1,000 Revue units per week, when projections were more than twice that amount.

14 24. On or about March 21, 2011, Bardman informed the CEO that Logitech could  
15 avoid a charge by delaying or not making a decision about cutting the price of Revue.  
16 Specifically, Bardman provided a summary of Revue inventory exposure to the former CEO, and  
17 wrote:

18 Obviously, these numbers can move around as it [sic] relates to levels of sell  
19 through between now and any firm decisions and we also have the option of  
20 continuing to run promos on the product and take the “hit” over time. My  
21 suggestion is that we use the Ops review discussions to make a firm decision on  
22 what we definitely want to decide between now and when we file the 10K at the  
23 end of May. Any firm decisions we make to lower price or to definitely not make  
24 a V2 before the end of May would pull some of this impact into Q4.

25 25. As an experienced CFO, Bardman knew, was reckless in not knowing, or should  
26 have known that GAAP does not allow management to decide when it will take a charge – or to  
27 delay making a “decision . . . to decide” to achieve an accounting result.

1           26.     At the end of the fourth quarter for fiscal year 2011, Logitech had over 163,000  
2 units of Revue finished goods inventory in its U.S. distribution centers and another 52,000  
3 finished and work-in-progress units in Asia. Based on the sales rate for the fourth quarter,  
4 Logitech had well over a year's supply of Revue. At the quarter-end sales rate to retailers,  
5 Logitech had over three years of inventory.

6           27.     In mid-March 2011, a Regional Finance accountant asked the VP-Global  
7 Sourcing about financial risk for the Revue product and the number of units that could be built  
8 from on-hand components. The VP-Global Sourcing was responsible for purchasing all  
9 components and materials used, and to be used, in production of the Revue product. He  
10 informed the Regional Finance accountant that there was no plan to use the components and that  
11 Global Sourcing was attempting to sell whatever could be sold. He also noted: "If we need to  
12 scrap [work-in-progress] and components, we should assume a recoverable value of zero." This  
13 message was forwarded to Bardman and Wolf by at least mid-April 2011.

14           28.     On or about March 23, 2011, a Logitech Finance employee sent Wolf a summary  
15 of potential excess and obsolete inventory for contract manufacturers in preparation for a  
16 meeting to discuss accounting adjustments for the fiscal year-end financial statements. The  
17 summary highlighted a total potential excess inventory of \$19.4 million for Revue units and  
18 components that "should be reserved."

19           29.     On March 31, 2011, Logitech announced that, for reasons unrelated to Revue, it  
20 would miss the guidance it had provided to the market two months earlier. Logitech lowered the  
21 previous guidance for operating income by \$30 million (to a range of \$140 million –  
22 \$150 million). Logitech's stock price dropped by approximately 16 percent in response to this  
23 revised forecast. Internally, Logitech's then-CEO characterized the guidance miss as a "disaster"  
24 and informed Bardman and other senior executives that management had lost its credibility with  
25 the market.

26

27



1 ***Intentionally and Improperly Understating the Revue Inventory Write-down***

2 30. Internally, Logitech's finance and accounting groups used a quarterly "exposure  
3 list" to keep track of accounting issues, including potential exposures or charges. Bardman and  
4 Wolf met regularly to discuss the matters on the exposure list. In April 2011, the exposure list  
5 included millions of dollars of "potential exposure" related to Revue. Bardman and Wolf did not  
6 provide the exposure list to Logitech's independent auditor nor discuss with the auditor the  
7 potential exposure for Revue.

8 31. In April 2011, during its fiscal year 2011 year-end financial close process,  
9 Logitech initially prepared an analysis indicating that no LCM charge was required for Revue  
10 finished goods inventory. In contrast to Logitech's decision to discontinue production of Revue,  
11 and to sell off its components, the April 2011 analysis failed to accurately address the value of  
12 the component inventory. The audit team did not believe the analysis to be reasonable and spoke  
13 separately with Bardman and Wolf to discuss the importance of the assumptions in the analysis.

14 32. On or about April 13, 2011, the audit team met with Bardman and Wolf. They  
15 told Bardman and Wolf that their LCM analysis must consider management's plans for future  
16 pricing.

17 33. Bardman and Wolf were aware at the time that the company was required to write  
18 down the value of its Revue inventory. Indeed, on or about April 13, 2011, Wolf emailed an  
19 "exposure list" to Bardman. Under "potential exposure areas," the list included a \$2.2 million  
20 "[e]stimated LCM adjustment" for finished Revue units and a \$10.8 million "[e]stimated  
21 inventory exposure with suppliers" for Revue component parts. The list also included a \$1.4  
22 million potential Revue exposure "for second price drop." The \$10.8 million estimated  
23 inventory exposure and the \$1.4 million exposure for a second price drop related to issues that  
24 had not yet been discussed with or flagged for Logitech's independent auditors.

25 34. On or about April 14, 2011, Logitech sent a revised LCM analysis to the  
26 independent auditor. Based on the first planned price cut to \$249, which was scheduled for the  
27 first quarter of the 2012 fiscal year, the LCM analysis indicated a \$2.2 million reserve.

1 However, the revised analysis did not account for the second planned price cut to \$199, which  
2 was scheduled for the third quarter of 2012, nor did it include any write-down of the value of the  
3 excess component parts. In other words, Bardman and Wolf were not flagging items from the  
4 exposure list for the consideration of Logitech's independent auditors even though they had  
5 created or received the exposure list only one day earlier.

6 35. After receiving the revised LCM analysis with the \$2.2 million reserve, an audit  
7 team member noted the roughly \$11 million of excess component parts inventory and informed  
8 Wolf and Regional Finance that Logitech was also required to evaluate and, if necessary, to  
9 record a write-down of that inventory.

10 36. Logitech's Regional Finance accountant contacted Wolf regarding the \$11 million  
11 excess components inventory. The Regional Finance accountant then emailed the VP-Global  
12 Sourcing, notifying him there was "heated discussion" with the independent auditor about Revue  
13 and asking him to determine the number of Revue units that could be built from the component  
14 inventory.

15 37. On April 17, 2011, the VP-Global Sourcing, informed the Regional Finance  
16 accountant and Wolf that production of Revue had been stopped for months, and that "[a]s for  
17 components, I don't see a chance that we are ever going to build them into units, this is a far  
18 fetched scenario that has never been formulated." He also explained that, at the direction of the  
19 SVP-Operations, "we have been working since January to resell component liabilities" with only  
20 "modest" progress. He stated that "the easiest stuff to resell . . . is moving at 40-50cts on the  
21 dollar *maximum*. For the rest of [the] components, we should assume 25cts on the dollar of  
22 recovery, the rest will be a hard loss."

23 38. Also on April 17, 2011, Wolf forwarded the email chain to Bardman, who asked  
24 about the potential exposure for Revue inventory if the VP-Global Sourcing was correct. In reply,  
25 Wolf set forth a rough estimate of the exposure if Logitech were (i) to write-down the value of  
26 the component parts to 40-50 cents on the dollar and (ii) to assume that the excess components  
27 would be built into finished goods. Wolf stated that the Company would save several million

1 dollars by not writing down the component parts. Wolf had no reasonable basis for assuming  
2 that the component parts would be built into finished goods. In fact, the most expensive of the  
3 components, chips manufactured by Intel, could not feasibly be used in other products, as they  
4 were specifically programmed for Revue.

5 39. In a reply on the same day, Bardman emailed: “Yes, we need to understand with  
6 precision what we are looking at and what decisions we need to make or clarify. We are still  
7 committed to making the right decisions and staying within our lowered range for Q4—we need  
8 to achieve them both.”

9 ***Bardman and Wolf Lied to the Auditors in Furtherance of the Scheme***

10 40. On April 18, 2011 (the day after her emails with Bardman), Wolf received a  
11 detailed list of Revue excess component parts. Less than an hour later, Wolf sent a spreadsheet  
12 containing an LCM analysis of these parts to the independent auditor. The spreadsheet  
13 calculated a write-down of \$1.1 million, based on a hypothetical (and “far fetched”) build-out of  
14 79,000 additional Revue units. Wolf did not disclose that, as had been communicated to her two  
15 days earlier, Logitech had been actively attempting to sell all of the components for months, with  
16 only limited success and at prices substantially below cost. Thus, the spreadsheet falsely  
17 indicated that the remaining \$10 million in excess components did not need to be written down.

18 41. Shortly after forwarding the LCM analysis for the component parts to the  
19 independent auditor, Wolf met with members of the audit team. At that meeting, Wolf discussed  
20 Logitech’s plans to use the excess component parts to build 79,000 finished Revue units. She  
21 also represented that Logitech could use the excess component parts (beyond what was needed to  
22 make 79,000 Revue units) to manufacture additional Revue units. In addition, because the CM  
23 would need to purchase certain components to manufacture the 79,000 finished units, Wolf  
24 informed the audit team that CM was expected to purchase those components. In fact, Logitech  
25 had no plans to manufacture 79,000 additional Revue units, to purchase additional components  
26 for the manufacture of 79,000 additional units, or to manufacture any additional units beyond the  
27

1 79,000 stated in the LCM analysis. Therefore, Wolf's representations were false, and she knew,  
2 was reckless in not knowing, or should have known that they were false.

3 42. During the week of April 18, 2011, Bardman and Wolf met with senior members  
4 of the independent audit team. In those meetings, Bardman and Wolf confirmed the false  
5 assumptions used in the LCM analyses. Bardman and Wolf also inaccurately confirmed that  
6 Logitech planned to build at least 79,000 additional units using excess component parts. In fact,  
7 Logitech had no such plans, and the representations of Bardman and Wolf were false, and they  
8 knew, were reckless in not knowing, or should have known, that they were false.

9 43. Bardman and Wolf knew, were reckless in not knowing, or should have known,  
10 that Logitech had no production plan to manufacture additional units of Revue. They knew,  
11 were reckless in not knowing, or should have known, that CM had not shipped any Revue units  
12 since late November 2010 and had stopped production in early December 2010. Moreover,  
13 Bardman and Wolf knew, were reckless in not knowing, or should have known, that Logitech  
14 had no timetable for resuming production or for completing the work-in-progress units, and, for  
15 months, had been attempting to sell excess component parts at substantial discounts. Bardman  
16 and Wolf did not disclose this information to the auditors, even though they knew, were reckless  
17 in not knowing, or should have known that failure to make such disclosure could result in  
18 rendering Logitech's financial statements materially misleading.

19 44. Among other internal accounting controls, Logitech had an internal sub-  
20 certification process in which dozens of employees were required to respond to questions and  
21 statements and to provide relevant comments. As part of that process, the VP-Global Sourcing  
22 raised concerns about Revue-related exposure. In responding to a question about whether  
23 inventories were appropriately stated at the lower of cost or market value, he wrote: "I do not  
24 have visibility on the final decisions made on provisions for [Revue] potential excess inventory,  
25 and whether I consider them reasonable."

26 45. On or about May 10, 2011, Wolf received the employee comments from the sub-  
27 certification process, including the VP-Global Sourcing's comments about Revue-related

1 exposure. As Acting Controller, Wolf failed to adequately evaluate the concern raised (again) by  
2 the VP-Global Sourcing about Revue-related exposure and did not inform the independent  
3 auditor about the concern. As a result, the control failed.

4 ***Misrepresentations to the Auditors in the Management Representation Letter***

5 46. In connection with the annual audit of Logitech's financial statements, the  
6 independent audit team required Bardman and Wolf to sign a management representation letter.  
7 Among other representations, the letter contained statements concerning the valuation of  
8 Logitech's inventory. During preparation of the letters, the audit team told Bardman and Wolf to  
9 consider future pricing within Logitech's LCM analysis.

10 47. On or about May 27, 2011, Bardman and Wolf signed the management  
11 representation letter and sent it to the audit team. In the letter, Bardman and Wolf falsely  
12 represented, among other things, that (i) they believed the financial statements conformed with  
13 GAAP; (ii) there were no material transactions, agreements, or accounts that had not been  
14 properly recorded in the company's accounting records; (iii) the Company had no plans or  
15 intentions that might materially affect the carrying value of assets and liabilities; (iv) inventories  
16 were stated at the lower of cost or market; and (v) they "considered future pricing  
17 adjustments/discounts which are probable of occurring."

18 48. Bardman and Wolf knew, were reckless in not knowing, or should have known  
19 that their representations in the management representation letter were false or misleading.  
20 Specifically, Bardman and Wolf knew, were reckless in not knowing, or should have known that  
21 (i) GAAP would not allow the Company to value its inventory based upon a hypothetical plan to  
22 manufacture 79,000 units, when in fact no such plan existed and when in fact Logitech was  
23 trying to sell or dispose of the assets below cost; (ii) Logitech had not properly recorded the  
24 Revue-related inventory; (iii) the Company's intentions to reduce the price of Revue and to sell  
25 or dispose of the components might materially affect the carrying value of Revue-related  
26 inventory; (iv) the Revue-related inventory was not stated at the lower of cost or market; and  
27

1 (v) they had not considered all probable future pricing and discounts, specifically, the second  
2 planned price cut, in the LCM analysis.

3 49. On May 27, 2011, Logitech filed with the Commission its annual report on  
4 Form 10-K for the 2011 fiscal year, which Bardman signed and which contained the Company's  
5 financial statements and the audit report of its independent public accountants. Logitech  
6 reported operating income of \$142.7 million, which was within the lowered range of  
7 \$140 million – \$150 million that Logitech had communicated to investors on March 31, 2011.

8 ***Misrepresentations to the Investing Public***

9 50. On April 27, 2011, Logitech issued a press release concerning its financial results  
10 for the fiscal year that ended March 31, 2011. Bardman's and Wolf's actions, as described  
11 above, resulted in Logitech's making material misrepresentations in that press release about the  
12 Company's operating income and net income. Specifically, those amounts were materially  
13 overstated because the Company did not properly value its Revue finished goods inventory or  
14 component parts inventory. On April 28, 2011, Logitech filed a Form 8-K concerning the press  
15 release, which was furnished to the Commission.

16 51. Bardman's and Wolf's actions, as described above, resulted in Logitech's making  
17 material misrepresentations in its May 27, 2011 Form 10-K for fiscal 2011 about the Company's  
18 operating income and net income. Specifically, Logitech overstated operating income by  
19 \$30.7 million, or over 27%. If Logitech had properly accounted for its Revue-related inventory,  
20 it would have reported operating income of approximately \$112 million, far below the lowered  
21 guidance of \$140 million – \$150 million.

22 52. On May 27, 2011, Bardman certified that he had reviewed Logitech's Form 10-K  
23 and that, among other things, (i) based on his knowledge, the Form 10-K did not contain any  
24 untrue statement of a material fact or omit to state a material fact necessary to make the  
25 statements made, in light of the circumstances under which such statements were made, not  
26 misleading; (ii) based on his knowledge, the financial statements, and other financial information  
27 included in the report, fairly presented in all material respects the financial condition, results of

1 operations and cash flows of Logitech; and (iii) he had designed internal control over financial  
2 reporting, or caused such internal control over financial reporting to be designed, to provide  
3 reasonable assurance regarding the reliability of financial reporting and the preparation of  
4 financial statements for external purposes in accordance with GAAP. Bardman knew, was  
5 reckless in not knowing, or should have known that this certification was false.

6 53. On May 27, 2011, pursuant to Rule 13a-14 of the Exchange Act, Bardman also  
7 certified that the information contained in the Form 10-K fairly presented, in all material  
8 respects, the financial condition and results of operations of the Company. Bardman knew, was  
9 reckless in not knowing, or should have known that this certification was false.

10 54. Bardman personally profited from his misstatements and omissions by, among  
11 other things, receiving a bonus that was based, in part, on Logitech's overstated operating  
12 income for fiscal 2011.

13 55. During relevant times, Logitech's stock price was artificially inflated as a result of  
14 Bardman's and Wolf's misstatements and omissions concerning Revue. Had Logitech taken the  
15 Revue write-down at an earlier point, as appropriate, Logitech's operating income that it  
16 announced on April 27, 2011 (\$142.7 million), would have been substantially lower than the  
17 revised guidance the company issued on March 31, 2011 (\$140-150 million). The market would  
18 have reacted unfavorably to the news that Logitech had missed its lowered guidance.

19 ***Logitech Discloses the Material Misstatements Regarding the Financial Statements***

20 56. On July 27, 2011, Logitech announced that it was taking a \$34 million charge for  
21 planned price reduction on Revue. In this announcement, Logitech stated that it was reducing  
22 the price of Revue from \$249 to \$99 for the second quarter of fiscal 2012. This \$34 million  
23 charge also included the \$10.8 million write-downs of finished goods and component inventory  
24 for Revue.

25 57. On November 14, 2014, Logitech restated its financial results for the 2011 and  
26 2012 fiscal years because of errors in the timing of the Revue-related inventory write-downs.  
27 Logitech acknowledged that the Company had not considered probable future pricing

1 adjustments and discounts in those write-downs. The LCM analysis provided to the independent  
2 audit firm, and which Bardman and Wolf had discussed with the independent auditor, did not  
3 address—or account for—Logitech’s plan to lower the price to \$199 on or before the third  
4 quarter of 2012.

5 58. In the November 2014 filing, Logitech also disclosed that it had not designed and  
6 maintained effective controls to consider all relevant information and document the underlying  
7 assumptions in its assessment of the valuation of finished goods, work in process, and  
8 components inventory, including non-cancelable orders for such inventory, related to the Revue  
9 product.

#### 10 ***Bardman and Wolf Circumvent Internal Controls***

11 59. Logitech had an internal control requiring that, on a quarterly basis, key Logitech  
12 employees respond to an internal representation questionnaire and certify that they reviewed and  
13 identified any items they believe would impact Logitech’s financial statements and  
14 representations to the independent auditors. Wolf received and reviewed the responses from the  
15 key employees. Wolf knowingly circumvented this control by not resolving the VP-Global  
16 Sourcing’s concerns about Revue-related inventory and by not raising those concerns with the  
17 Audit Committee or the independent auditor.

18 60. Logitech had an internal control requiring that the CFO provide and update an  
19 agenda list for the Audit Committee that included a financial reporting review, significant  
20 judgments, and “financial management matter such as . . . results/review of external auditors’  
21 Management Letter.” Bardman knowingly circumvented this control by not informing the Audit  
22 Committee about: (i) the Company’s actual liability for Revue-related inventory; (ii) the facts  
23 and circumstances of the Revue-related exposure; and (iii) judgments Wolf and he made, and  
24 communicated to the independent auditors, about the use of excess components. Bardman also  
25 knowingly circumvented this control by providing the management representation letter that  
26 contained false or misleading representations.

27





1 made, in light of the circumstances under which they were made, not misleading; and engaged in  
2 acts, practices, or courses of business which operated or would operate as a fraud or deceit upon  
3 other persons.

4 65. Wolf directly or indirectly, in connection with the purchase or sale of a security,  
5 by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities  
6 of a national securities exchange, with scienter: employed devices, schemes, or artifices to  
7 defraud; and engaged in acts, practices, or courses of business which operated or would operate  
8 as a fraud or deceit upon other persons.

9 66. By engaging in the conduct described above, Bardman and Wolf violated, and  
10 unless restrained and enjoined will again violate Section 10(b) of the Exchange Act [15 U.S.C.  
11 § 78j(b)] and Rules 10b-5 thereunder [17 C.F.R. §§ 240.10b-5].

## 12 **SECOND CLAIM FOR RELIEF**

### 13 **Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5** 14 **[15 U.S.C. § 77q(a) and 17 C.F.R. § 240.10b-5(b)]** 15 **(Defendants Bardman and Wolf)**

16 67. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

17 68. Logitech directly or indirectly, in connection with the purchase or sale of a  
18 security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the  
19 facilities of a national securities exchange, with scienter: employed devices, schemes, or  
20 artifices to defraud; made untrue statements of material facts, or omitted to make the statements  
21 made, in light of the circumstances under which they were made, not misleading; and engaged in  
22 acts, practices, or courses of business which operated or would operate as a fraud or deceit upon  
23 other persons.

24 69. By engaging in the conduct described above, and pursuant to Section 20(e) of the  
25 Exchange Act [15 U.S.C. § 78t(e)], Bardman and Wolf knowingly or recklessly provided  
26 substantial assistance to, and thereby aided and abetted Logitech's violations of Section 10(b) of  
27

1 the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5(b) thereunder [17 C.F.R. §§ 240.10b-  
2 5(b)].

3 70. By engaging in the conduct described above, Bardman and Wolf aided and  
4 abetted Logitech's violations, and unless restrained and enjoined will again aid and abet  
5 violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5 thereunder  
6 [17 C.F.R. §§ 240.10b-5].

7  
8 **THIRD CLAIM FOR RELIEF**

9 **Fraud: Section 17(a) of the Securities Act**  
10 **[15 U.S.C. § 77q(a)]**  
11 **(Defendants Bardman and Wolf)**

12 71. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

13 72. Defendants Bardman and Wolf, acting knowingly, recklessly, or negligently in  
14 the offer or sale of securities and by the use of means or instruments of transportation or  
15 communication in interstate commerce or by the use of the mails, directly or indirectly,

- 16 a. employed a device, scheme, or artifice to defraud;
- 17 b. obtained money or property by means of untrue statements of material fact  
18 or by omitting to state material facts necessary in order to make the  
19 statements made, in light of the circumstances under which they were  
20 made, not misleading;
- 21 c. engaged in transactions, practices, or a course of business which operated  
22 or would have operated as a fraud or deceit upon purchasers; and

23 73. By engaging in the conduct described above, Bardman and Wolf violated, and  
24 unless restrained and enjoined will again violate, Sections 17(a) of the Securities Act [15 U.S.C.  
25 § 77q(a)(2)-(3)].  
26  
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2  
**FOURTH CLAIM FOR RELIEF**

3 **Knowingly Falsifying Books, Records, or Accounts:**  
4 **Section 13(b)(5) of the Exchange Act**  
5 **[15 U.S.C. § 78m(b)(5)]**  
6 **(Defendants Bardman and Wolf)**

7 74. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

8 75. Bardman and Wolf knowingly circumvented or knowingly failed to implement a  
9 system of internal accounting controls, or knowingly falsified books, records, or accounts that  
10 Logitech was required to maintain under Section 13(b)(2) of the Exchange Act [15 U.S.C.  
11 § 78m(b)(2)].

12 76. By knowingly engaging in the conduct described above, Bardman and Wolf  
13 violated, and unless restrained and enjoined will again violate, Section 13(b)(5) of the Exchange  
14 Act [15 U.S.C. § 78m(b)(5)].

15 **FIFTH CLAIM FOR RELIEF**

16 **Falsified Books, Records, or Accounts: Rule 13b2-1 of the Exchange Act**  
17 **[17 C.F.R. § 240.13b2-1]**  
18 **(Defendants Bardman and Wolf)**

19 77. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

20 78. Bardman and Wolf, directly or indirectly, falsified or caused to be falsified  
21 Logitech's books, records, or accounts subject to Section 13(b)(2)(A) of the Exchange Act [15  
22 U.S.C. § 78m(b)(2)(A)].

23 79. By engaging in the conduct described above and acting knowingly, recklessly, or  
24 negligently, Bardman and Wolf violated, and unless restrained and enjoined will again violate,  
25 Rule 13b2-1 of the Exchange Act [17 C.F.R. § 240.13b2-1].  
26  
27

**SIXTH CLAIM FOR RELIEF**

**Lying to Accountants: Rule 13b2-2 of the Exchange Act  
[17 C.F.R. § 240.13b2-2]  
(Defendants Bardman and Wolf)**

80. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

81. Bardman and Wolf, directly or indirectly: (a) made or caused to be made materially false or misleading statements to accountants; or (b) omitted to state, or caused another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to accountants in connection with (1) an audit, review, or examination of financial statements required by the Exchange Act or rules thereunder; or (2) the preparation or filing of a document or report required to be filed with the Commission.

82. By engaging in the conduct described above and acting knowingly, recklessly, or negligently, Bardman and Wolf violated, and unless restrained and enjoined will again violate, Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2].

**SEVENTH CLAIM FOR RELIEF**

**False Certifications: Rule 13a-14 of the Exchange Act  
[17 C.F.R. § 240.13a-14]  
(Defendant Bardman)**

83. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

84. By engaging in the conduct described above and acting knowingly, recklessly, or negligently, Bardman violated, and unless restrained and enjoined will again violate, Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14].

**EIGHTH CLAIM FOR RELIEF**

**Reporting Violations: Aiding and Abetting Logitech's Violations of Section 13(a) and Rules 12b-20, 13a-1, 13a-11 of the Exchange Act [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11] (Defendants Bardman and Wolf)**

85. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

86. Logitech violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a-1 thereunder [17 C.F.R. §§ 240.12b-20 and 240.13a-1] by filing with the Commission on May 27, 2011 a materially false and misleading annual report on Form 10-K. Logitech also violated Rule 13a-11 of the Exchange Act [17 C.F.R. § 240.13a-11] by filing with the Commission a false and misleading current report on Form 8-K, reporting false and misleading financial results, on April 27, 2011.

87. Bardman and Wolf knowingly or recklessly provided substantial assistance to Logitech's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and Rules 12b-20, 13a-1, and 13a-11 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-11].

88. By engaging in the conduct described above, and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Bardman and Wolf aided and abetted Logitech's violations, and unless restrained and enjoined, will again aid and abet violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and Rules 12b-20, 13a-1, and 13a-11 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-11].

**NINTH CLAIM FOR RELIEF**

**Internal Controls / Recordkeeping: Aiding and Abetting Logitech's Violations of Section 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A)-(B)] (Defendants Bardman and Wolf)**

89. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

90. Logitech violated Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by failing to make or keep books, records and accounts that in reasonable detail

1 accurately and fairly reflected its transactions and disposition of its assets. Logitech further  
2 violated Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by failing to  
3 devise and maintain a system of internal accounting controls sufficient to provide reasonable  
4 assurances that transactions were recorded as necessary to permit preparation of financial  
5 statements in conformity with GAAP and to maintain accountability of assets.

6 91. Bardman and Wolf knowingly or recklessly provided substantial assistance to  
7 Logitech's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C.  
8 §§ 78m(b)(2)(A)-(B)].

9 92. By engaging in the conduct described above and pursuant to Section 20(e) of the  
10 Exchange Act [15 U.S.C. § 78t(e)], Bardman and Wolf aided and abetted Logitech's violations,  
11 and unless enjoined will again aid and abet violations, of Sections 13(b)(2)(A) and 13(b)(2)(B)  
12 of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A)-(B)].

### 13 **TENTH CLAIM FOR RELIEF**

#### 14 **Failure to Reimburse: Section 304(a) of the Sarbanes-Oxley Act** 15 **[15 U.S.C. § 7243(a)]** 16 **(Defendant Bardman)**

17 93. Paragraphs 1 through 62 are realleged and incorporated by reference herein.

18 94. Section 304(a) of the Sarbanes-Oxley Act [15 U.S.C. § 7243(a)] requires the CFO  
19 of an issuer that is required to prepare an accounting restatement due to the material  
20 noncompliance of the issuer, as a result of misconduct, with any financial reporting requirement  
21 under the securities laws, to reimburse the issuer for any bonus or other incentive-based or  
22 equity-based compensation received during the 12-month period following the first public  
23 issuance or filing of the financial document embodying such financial reporting requirement and  
24 any profits realized from the sale of the issuer's stock during the 12-month period.

25 95. Logitech was required to prepare an accounting restatement as a result of  
26 misconduct, which the Company filed with the Commission on November 14, 2014.

27

1 96. Bardman has not reimbursed Logitech for the profits realized from the sale of  
2 Logitech's stock and the bonus that he received or obtained during the statutory time periods  
3 established by section 304(a) of Sarbanes-Oxley [15 U.S.C. § 7243(a)].

4 97. The Commission has not exempted Bardman, pursuant to Section 304(b) of the  
5 Sarbanes-Oxley Act [15 U.S.C. § 7243(b)], from the application of Section 304(a) of the  
6 Sarbanes-Oxley Act [15 U.S.C. § 7243(a)].

7 98. By reason of the foregoing, Bardman has not complied with Section 304(a) of the  
8 Sarbanes-Oxley Act [15 U.S.C. § 7243(a)].

9 **PRAYER FOR RELIEF**

10 **WHEREFORE**, the Commission respectfully requests that the Court grant the following  
11 relief:

12 A. Permanently enjoin Bardman from (i) violating Sections 10(b) and 13(b)(5) of the  
13 Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Exchange Act Rules 10b-5, 13a-14,  
14 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.13a-14, 240.13b2-1 and 240.13b2-2];  
15 (ii) violating Section 17(a) of the Securities Act; and (iii) aiding and abetting violations of  
16 Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) [15 U.S.C. §§ 78m(a) and  
17 78m(b)(2)(A)-(B)] and Exchange Act Rules 12b-20, 13a-1, and 13a-11 [17 C.F.R.  
18 §§ 240.12b-20, 240.13a-1, and 240.13a-11];

19 B. Permanently enjoin Wolf from (i) violating Sections 10(b) and 13(b)(5) of the  
20 Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Exchange Act Rules 10b-5(a), 10b-5(c),  
21 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.13b2-1, and 240.13b2-2]; (ii) violating  
22 Section 17(a) of the Securities Act; and (iii) aiding and abetting violations of Exchange Act  
23 Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) [15 U.S.C. §§ 78m(a) and 78m(b)(2)(A)-(B)] and  
24 Exchange Act Rules 12b-20, 13a-1, and 13a-11 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and  
25 240.13a-11];

26 C. Order that Bardman and Wolf disgorge their ill-gotten gains obtained as a result  
27 of the violations alleged in this Complaint, with prejudgment interest;



1 D. Order that Bardman and Wolf pay civil penalties pursuant to Section 21(d) of the  
2 Exchange Act [15 U.S.C. § 78u(d)] in an amount to be determined by the Court, plus post-  
3 judgment interest;

4 E. Order that Bardman, pursuant to Section 304(a) of the Sarbanes-Oxley Act  
5 [15 U.S.C. § 7243(a)], pay the amount of any bonus and other incentive-based or equity-based  
6 compensation he received from Logitech and profits he realized from the sale of Logitech stock  
7 during the relevant statutory time period;

8 F. Order that Barman and Wolf be barred from acting as officers or directors of any  
9 issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C.  
10 § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C.  
11 § 78o(d)]; and

12 G. Grant such further relief as the Court may deem just and appropriate.

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14 **DEMAND FOR JURY TRIAL**

15 The Commission hereby demands a jury trial.  
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1 Date: April 18, 2016

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